

PX 131

From: [REDACTED]
To: Patrick Griffin
CC: [REDACTED]
Sent: 4/8/2017 1:42:23 PM
Subject: Re: XRP Rally Commentary

[REDACTED]

Patrick - thanks for sharing the commentary below. This is a great endorsement of the platform Ripple is building that overcomes the several of the performance shortcomings of Bitcoin and ETH.

We are discussing with our corporate finance team the potential implications on liquidity of putting XRP in a digital escrow with an irrevocable timed release.

Our preliminary views, as shared with you during our call, is that while the escrow based timed release of XRP removes one of the concerns (unpredictability of how and when more XRP is released into the market) for a well functioning market, the near term volatility and the nascent market dynamics of digital currency/ commodities could make it less easy to attract traditional lenders to use future XRP cash flows as collateral to lend against. There would be certain subset of unconventional investors who could lend against XRP, but would require a significant yield / downside protections that would make the borrowing expensive by conventional measures. This could impact any immediate needs for liquidity (e.g., a large M&A) if Ripple was banking on leveraging future XRP cash flows. These dynamics could change as the digital crypto currency markets evolve and the views of the traditional lenders mature.

We will get some additional views / feed back from our corporate finance team over the next couple of days. Are your NYC plans firmed up? - we could try and have you meet with one of our colleagues when you are there. Alternatively, we can try and arrange a call with them.

[REDACTED] please add if you additional thoughts.

Best,
[REDACTED]

Sent from my iPhone

On Apr 8, 2017, at 12:09 PM, Patrick Griffin <[REDACTED]@ripple.com> wrote:

[REDACTED]

Thanks for the call this week. Looking forward to hearing back from you. I also wanted to share some commentary on the recent XRP rally below.

Patrick

MoM
2/28/2017 \$0.005510
3/31/2017 \$0.021200
% Change 285%

YTD
12/31/2017 \$0.005999
4/7/2017 \$0.037210
% Change 520%

XRP, the native digital asset to the Ripple Consensus Ledger, had a record-setting week the week of April 2nd. It traded at a high of \$0.075 on April 2nd and then held at \$0.03 through the latter half of the week. At its high, total market capitalization for XRP exceeded \$5 billion, outpacing ETH's current market cap. At \$0.03, XRP is approximately five times greater than it was just two weeks ago. During the same period, XRP traded \$300 million in volume, more trading volume than it saw in all of 2016. XRP has traded \$1.3 billion in volume over the past 30 days. Year to date, XRP is up 520%.

Why the rally? Ripple, the company that develops the Ripple Consensus Ledger, continues to sign up banks to commercially deploy its enterprise blockchain solution and join its global payments network. Most recently the company announced MUFG, the world's third largest bank and the largest bank in Japan, will join its network. This was on the heels of 40% of Japan's banks collectively announcing production deployments on Ripple. Also announcing production deployments in Q1, NBAD and Axis Bank extended the global reach of the network into the Middle East and India.

The company's product vision centers around leveraging XRP to lower liquidity costs for financial institutions. Twelve global banks demonstrated this use case in a trial conducted by R3. Investors may be connecting the dots that growing bank membership of the Ripple network creates opportunity for Ripple to deepen those customer relationships by cross-selling liquidity solutions built on XRP.

Of the digital assets, XRP is the most well-suited for enterprise adoption. Its design streamlines liquidity operations and allows for more efficient institutional cross-border payments. It settles in 3.7 seconds (compared to BTC's 2-hour settlement speeds); transaction costs are near zero at \$0.00031 (versus BTC's \$0.50 transaction costs); and XRP throughput is 1,000 transactions per second (compared to BTC's 3.6 transactions per second). Fast, nearly free and highly scalable, XRP has also avoided the types of governance issues that have plagued Bitcoin and Ethereum throughout its five years of existence.

XRP also has the longest track record of any digital asset on a public, permissionless blockchain after Bitcoin. The Ripple Consensus Ledger, the blockchain powering XRP, has closed 29 million ledgers over the last 5 years. In 2016, the Ripple Consensus Ledger saw 100% uptime, at a time when Ethereum saw its 4th hard fork and Bitcoin's capacity started to waiver at around 5 transactions per second.

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Patrick Griffin
 XRP Business Development | Ripple
 [REDACTED]@ripple.com

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Patrick Griffin
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